
REIA WELCOMES FOCUS ON AFFORDABLE HOUSING

The 2017 Budget has recognised the need to address housing supply and affordability through a number of complementary measures, according to the Real Estate Institute of Australia (REIA).

“The boost to infrastructure spending, measures to improve housing supply, the extension of small business concessions, and the retention of the current negative gearing as well as CGT arrangements for taxation of property investments will help ensure that the property sector remains an important contributor to economic growth,” REIA President Malcolm Gunning said.

“Whilst investment in dwellings has peaked and growth is forecast to decrease to 4.5 per cent in 2017/18, compared to 8.0 per cent in 2016/17, it is still a major driver of economic growth.

“We are pleased that the Government reiterated that it will not remove or limit negative gearing or change the capital gains tax as this would increase the tax burden on Australians trying to provide a future for their families. This recognises that the current arrangements increase the supply of housing for our growing population, keep rents affordable and ease the burden on social housing.

“With home ownership in Australia declining and first homebuyers finding it increasingly difficult to enter the housing market, allowing first homebuyers to build deposits with superannuation through voluntary contributions is welcome.

“Whilst REIA has advocated for a more aggressive approach to bridging the deposit gap by allowing first homebuyers access to existing balances in superannuation accounts the Government’s initiative will reduce the time taken to save for a deposit by around 25 per cent.

“The change in the threshold for foreign resident capital gains tax withholding to \$750,000 from the current \$2 million is not welcome and could be considered misguided as most foreign investors buy higher valued properties in Sydney and Melbourne and to a lesser extent in Brisbane,” Mr Gunning said.

“It is more red tape and not necessary. With the median house price of \$743,776 across Australia this will mean most properties will be subject to this requirement and results in more work for sales agents and conveyancers and depending on the workload this presents for the ATO may even delay settlements.

“With forecasts of moderate growth, an improvement in the unemployment rate, inflation well within the RBA’s target zone, the Budget is welcome news for home owners, prospective buyers and renters,” Mr Gunning concluded.

The Real Estate Institute of Australia (REIA) is the national professional association for real estate agents in Australia. For further information or to interview REIA President Malcolm Gunning please contact Helen Hull at media@reia.com.au or 0419 642 961.